Expenditure incurred by oil corporations

1684. SHRI S.S. AHLUWALIA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the operations of the oil corporations *viz.*, ONGC, IOCL, HPCL and BPCL, include import of inputs in crude and other forms, refining and marketing of petroleum products;

(b) the details of volume and value (in terms of USD and Rupee) of imports, year-wise, of respective corporations alongwith volume and sales value of their respective outputs since 1999-2000;

(c) the details of expenses incurred by them on account of Customs Duty, Excise Duty, various Cess levied by Central and State Governments on refining and transportation etc.; and

(d) the share of profits earned by each corporation from refining and marketing operations respectively, year-wise?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (d) The information is being collected and will be laid on the Table of the House.

Expenditure of Kandla-Bhatinda pipeline

1685. SHRIMATI S.G. INDIRA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that lack of proper planning in capacity augmentation of the Kandla-Bhatinda pipeline led to avoidable expenditure of Rs. 66.68 crores by IOC;

(b) if so, the details thereof;

(c) whether it is also a fact that encashment of the Bank Guarantee in excess of requirements resulted in payment of Rs. 70.29 crores towards interest; and

(d) if so, the details thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) No, Sir. The scheme for augmentation of

Kandla Bhatinda Pipeline (KBPL) to 8.8 million metric tonnes per annum (MMTPA) was approved in the year 1998 considering the increasing trend of demand and anticipated transportation requirements in the future years. As the projected requirements of KBPL were higher than the then available capacity of KBPL, the proposal to augment the pipeline capacity was taken up to ensure adequate supply of products to strategically sensitive and high growth North-West region of the country. The executed cost of this scheme was Rs. 66.68 crore.

(c) and (d) During execution of KBPL, the contractor could not complete the work in time. Owing to that delay, the Bank Guarantee (BG) of Rs. 87.5 crore were encashed as per the provisions of the contract by Indian Oil Corporation Limited (IOCL). An amount of Rs. 30 crore (approximately) was paid as interest against the BG encashed. The payment of interest on the amounts of BG encashed (for non-performance of contract) was part of the over all settlement of all disputes relating to the composite work contract for 6 MMTPA capacity which were the subject matter of the then ongoing arbitration proceedings in the matter. The payment to the contractor was released after the proposed settlement was duly approved and after obtaining the Arbitral Award from the Arbitration Tribunal (formed on the directions of the Hon'ble Supreme Court of India), closing the Arbitration proceedings.

The amount against the encashed BG was utilized by IOCL for its operations. Had the BG not been encashed, IOCL would have had to take a bank loan to meet fund requirements and paid interest on it. Thus, IOCL has not suffered by payment of interest.

Demand for royalty from A.P. Government

1686. SHRIMATI N.P. DURGA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have received any proposal from the State Government of Andhra Pradesh for its share in the form of royalty from Gujarat State Petroleum Corporation from the recent natural gas finds in K.G. Basin;

(b) whether Government have initiated any negotiations with the above company;